

Hawker Siddeley Canada Inc. and subsidiary companies

Consolidated statement of changes in financial position for the six months ended June 30

	1980	1979
	(in thousands)	
Source of working capital:		
Net income for the period	\$15,410	\$ 13,271
Charges to income not affecting working capital — (mainly depreciation, deferred income taxes and interest of minority shareholder in income of subsidiary)	9,536	10,193
Working capital provided from operations	24,946	23,464
Issue of long term debt	5,872	5,500
Proceeds on disposal of fixed assets	2,430	513
	<u>33,248</u>	<u>29,477</u>
Application of working capital:		
Additions to fixed assets —		
Railway rolling stock leasing fleet	9,031	22,595
Other	7,457	4,607
Reduction of —		
Long term debt	1,218	922
Provision for unfunded pensions	142	148
Dividends declared payable to —		
Shareholders of Hawker Siddeley Canada Inc.	4,315	2,603
Minority shareholder of subsidiary	253	507
	<u>22,416</u>	<u>31,382</u>
Working capital:		
Increase (decrease) for the period	10,832	(1,905)
At beginning of year	84,672	74,951
At end of period	<u>\$95,504</u>	<u>\$ 73,046</u>
Changes in elements of working capital		
Current assets — Increase (decrease):		
Cash and short term deposits	\$ 7,653	\$(10,521)
Accounts receivable	2,645	22,705
Inventories	9,892	20,114
Prepaid expenses	2,471	1,205
	<u>22,661</u>	<u>33,503</u>
Current liabilities — Increase (decrease):		
Bank advances	11,760	23,933
Accounts payable and accrued liabilities	627	12,689
Dividends payable	326	244
Income and other taxes payable	118	5,540
Advances on sales contracts	(3,626)	(6,810)
Owing to affiliated companies	2,328	(201)
Long term debt due within one year	296	13
	<u>11,829</u>	<u>35,408</u>
Increase (decrease) in working capital for the period	<u>\$10,832</u>	<u>\$ (1,905)</u>



Hawker Siddeley Canada INC.

File

**Semi-annual report
for the period ended
June 30, 1980**

7 King Street East,
Toronto, Ontario, M5C 1A3

To the Shareholders:

Your Directors submit herewith the unaudited consolidated statements of income and changes in financial position for the six months ended June 30, 1980 together with comparative figures for the same period last year.

Sales for the six months were \$312.5 million (1979 — \$254.1 million) with the increased volume this year arising for the most part from products supplied to the railway freight and mining industries. Income from operations was \$27.762 million in the current period (1979 — \$23.455 million). Net income was \$15.410 million (1979 — \$13.271 million) equivalent to \$1.84 per common share (1979 — \$1.58). An exchange translation gain in the current six months of \$.962 million has been deferred in view of the continuing fluctuations in the exchange markets.

Factory production in the second quarter was reduced by strikes arising from contractual negotiations, which commenced on March 31, at Canadian Car Division, Thunder Bay, Ontario and on June 10, at Trenton Works Division, Trenton, Nova Scotia and are still unresolved. In consequence of these labour problems and the loss of business which arises from them, coupled with the effects of the recession now showing in some sectors, it seems unlikely that the second half year's results will match those of the first half.

On August 14, 1980 a quarterly dividend of 24 cents per common share was declared payable on October 10, 1980 to shareholders of record on September 19, 1980.

Submitted on behalf of the Board.

J.F. Howard
Vice-Chairman

E.J. White
President and Chief Executive Officer

Toronto, Ontario, August 14, 1980.

Hawker Siddeley Canada Inc. and subsidiary companies

Consolidated statement of income for the six months ended June 30

	<u>1980</u>	<u>1979</u>
	(in thousands)	
Revenue:		
Net sales	\$312,545	\$254,129
Income from investments	2,026	521
	<u>314,571</u>	<u>254,650</u>
Costs and expenses:		
Cost of sales, selling, general and administrative expenses exclusive of the following	272,741	221,663
Interest on short term borrowings	3,939	992
Interest on and amortization of costs of long term debt	3,170	2,290
Provision for depreciation	6,959	6,250
	<u>286,809</u>	<u>231,195</u>
Income from operations	27,762	23,455
Provision for income taxes — Current	9,744	7,404
— Deferred	1,821	3,210
	<u>11,565</u>	<u>10,614</u>
	16,197	12,841
Interest of minority shareholder in income of subsidiary	787	555
	<u>15,410</u>	<u>12,286</u>
Exchange gain on the translation of the accounts of foreign subsidiaries (Note 1)	—	985
Net income for the period	<u>\$ 15,410</u>	<u>\$ 13,271</u>
Earnings per common share	\$1.84	\$1.58

Notes:

- (1) An exchange translation gain of \$.962 million has been deferred in the current period in view of the continuing fluctuations in the exchange markets.
- (2) Interim statements are not audited and are subject to year-end adjustments.